



# ANNUAL REPORT 2017







**MAYOR**  
Rebecca Casper

**COUNCIL PRESIDENT**  
Thomas Hally

**COUNCIL MEMBERS**  
Barbara Dee Ehardt  
Ed Marohn  
John Radford  
David M. Smith  
Michelle Ziel-Dingman



# Public Power

## A STRONG HERITAGE

Idaho Falls' residents and businesses have received electric service from Idaho Falls Power since 1900. As one would expect, much has changed for the utility in the past 100 years. The utility moved from operating only a small generator to operating five run-of-the-river hydro facilities and maintaining a vast electrical grid across the city.

However, despite the changes over time, one thing has not changed. Idaho Falls Power continues to be a customer-owned, not-for-profit utility dedicated to providing value driven, safe, reliable and high quality services.

Today, it is one of more than 2,000 public power utilities providing electricity to more than 49 million people across the country. Additionally, there are another 900 cooperatives providing electric service to rural America in the same not-for-profit business model. This business model is designed for revenue to cover costs and programs to focus on customer interests.

The Idaho Falls business community also has received high-speed fiber optic connectivity from the Idaho Falls Fiber Network since 2006. That network is operated by Idaho Falls Power and again, is based on a not-for-profit business model. The network not only provides multi-location connectivity for business owners but it also provides backbone infrastructure for private providers to provide high-speed connectivity to end use customers.

Public Power is like family—we take care of our own (customers) and each other. This past year, IFP assisted Lower Valley Energy, our public power neighbors to the east, in response to a devastating outage to the Jackson Hole area. Ten Idaho Falls Power linemen responded to the call for help to restore power to 4,000 customers after high winds snapped 17 transmission poles. Working in tough conditions, these linemen captured the essence of public power—neighbors helping neighbors restore power as quickly and safely as possible in the aftermath of a disaster. We are honored to have lent a hand, we know our neighbors would do the same should disaster strike our community.

There are many benefits of having a public power utility derived from the Idaho Falls' legacy investment in its locally owned and operated electric utility:

- Clean energy resources developed right in Idaho Falls with many amenities that enhance quality of life—boat docks, picnic areas, marinas, kids fishing pond.
- Low cost electric rates—consistently lower than neighboring communities.
- Decisions made at the local level with citizen involvement.
- A governing body directly accountable to the voters of Idaho Falls.
- Employees who are your friends and neighbors and very accessible to our customers.

Idaho Falls continues to invest in its local utility assets and systems to ensure our service exceeds your expectations. We are Idaho Falls Power—your utility with its own kind of energy.

**Rebecca L. Noah Casper**  
Mayor

**Jackie Flowers**  
General Manager



# IT'S SEDIMENTARY

Several thousand cubic yards of sediment removed from the power channel at the Upper Hydroelectric plant is playing a part in improving the efficiency and sustainability of this 35-year-old facility.

A sedimentation study, including a bathymetry to study the depth of water, conducted in May 2014 at the Upper Plant in the power channel, from the buoy line to the trash rake found the sediment contained soils that could not be easily 'flushed' from the system, causing a loss in electric generation. The plant was losing 0.5 megawatts of energy generation thanks to the accumulation of sediment and debris at the intake.

The best solution for the loss of energy generation was to remove the excess sediment from the power channel.

Idaho Falls Power worked with federal and state agencies, along with affected citizens, for months to complete the proper applications and plans to proceed forward with the project. By Oct. 1, 2016, Idaho Falls Power was ready to take the plant offline and begin the 25-day project to remove the sediment.

The project not only removed 75,000 cubic yards of sediment from the channel, but it also included a turbine inspection, lip seal rebuild, draft tube concrete repairs, runner blade build-up and the installation of a new substation transformer.

## TOTAL COST

\$765,372

## CUBIC YARDS OF SEDIMENT

75,000

## PROJECT COMPLETION

25 DAYS

## CONTRACTOR EMPLOYED

3 TRACKED EXCAVATORS 4 20-CUBIC YARD HAUL TRUCKS









Most days, the energy production that is happening 24 hours a day at the City, Upper and Lower Hydroelectric Plants goes unnoticed by the public. However, since 1982, these vital facilities along the Snake River literally characterize Idaho Falls as a city with its own kind of energy.

The generation and distribution of public power has long existed in Idaho Falls, starting with the first turbine placed in the canal to power streetlights in 1900. Throughout the years, the need to provide electricity to residents and businesses grew. By 1937, the city built two hydroelectric plants (the City and Upper plants) and purchased the Lower Plant. For years, the city saw great benefits and prosperity thanks to the city's hydro plants.

However, when the Teton Dam failed and heavily damaged the city's three hydroelectric plants in 1976, it placed the city's longstanding hydro heritage in jeopardy. City officials, and ultimately the citizens of Idaho Falls, faced the difficult decision of whether to continue forward with electric generation, which meant a large financial investment and time to rebuild the necessary infrastructure, or abandon it all together.





Thankfully, in 1978 our city's forward thinking leaders, coupled with the passing of a \$48 million bond by the citizens to rebuild all three plants kept our long-standing hydro heritage alive.

These three hydro plants, which officially went online in 1982, are unique. Unlike the vertical Kaplan turbines predominately used in hydroelectric plants in the United States, these three plants utilize the bulb turbine, which lays horizontally in the intake shaft to utilize more of the hydroelectric energy of conventional, run-of-river plants.

The replacement of the Kaplan turbines with the bulb turbine increased generation from 15 megawatts to 21 megawatts, which was more than half the city's average load when the plants went online.

Today, the City, Upper and Lower plants, along with the city's Gem State plant, are completely paid off and produce about a third of the city's entire energy consumption. These plants are amongst the greatest assets owned by the city and have doubled in value. As demonstrated, forward thinking infrastructure investments combined with the support of our community yields high returns beyond just providing public power.



## CUSTOMER BENEFITS

AMONG THE  
LOWEST RESIDENTIAL  
RATES IN THE NATION

AT 6.25 CENTS | IDAHO AVERAGE: 9.87 CENTS/KWH  
AND NATIONAL AVERAGE IS 12 CENTS/KWH

\$268

AVERAGE COMMERCIAL  
CUSTOMER BILL

33% COST SAVINGS

TO RESIDENTIAL CUSTOMERS (\$10.2 MILLION)  
& 56% COST SAVINGS TO COMMERCIAL  
CUSTOMERS (\$15.1 MILLION)

\$78.50

AVERAGE HOUSEHOLD  
ENERGY BILL

## ECONOMIC IMPACT

154 JOBS

71 JOBS AT IDAHO FALLS POWER

\$67.3 MILLION

IN ECONOMIC ACTIVITY

\$1.2 MILLION

RETURNED TO IFP CUSTOMERS IN  
FORM OF ENERGY REBATES

\$3.8 MILLION

PAYMENT IN LIEU OF TAXES





## RECREATIONAL BENEFITS

305

ACREAGE AT  
GEM LAKE

5

ACREAGE OF KIDS'  
FISHING POND

2400

POUNDS OF TROUT STOCKED IN  
THE CHILDREN'S FISHING POND

5

BOAT RAMPS ON  
SNAKE RIVER

## HISTORIC FALLS + RIVER WALK

### EDUCATION/COMMUNITY OUTREACH

\$2,700 AWARDED

IN COLLEGE SCHOLARSHIPS TO  
LOCAL H.S. STUDENTS THAT IDAHO  
FALLS POWER SPONSORED AT THE  
IDAHO CONSUMER OWNED UTILITIES  
ASSOCIATION 2017 YOUTH RALLY.

1634 VISITORS

TOURED OUR HYDRO PLANTS

10 EVENTS

IFP PARTICIPATED IN 10  
COMMUNITY EVENTS

75 SCOUTS

EARNED THEIR BADGES  
AT THE BOY & GIRL SCOUT  
JAMBOREE, HOSTED BY IFP.









Top left: Second-grade students listen intently as Energy Services Manager Wid Ritchie talks about electricity at the Idaho Falls Zoo STEM Day.  
 Middle: Lineman Kelly Swearingen dons his pink hard hat in honor of October's Breast Cancer Awareness Month.  
 Top right: Energy Services Manager Wid Ritchie speaks to second-graders at the Idaho Falls Zoo STEM Day.



Top left: Idaho Falls Teens visit the Idaho Capital Building during the annual ICUA Youth Rally in Boise.  
 Middle: Michigan State students visit Gem State during a summer trek to the region to learn about energy.  
 Top right: Hydro Mechanic Rob Jagielski performs maintenance on the bulb turbine at the Lower Plant.

## GENERATION

### IFP'S IN-HOUSE



**229,550 MW**

HYDRO



**9,123 MW**

HORSE BUTTE WIND FARM



**32.78 MW**

ROOFTOP SOLAR



**3.89 MW**

TRACKING SOLAR ARRAY

### FY17 PURCHASED

**716,260 MWH**

BPA ENERGY

**13,351 MWH**

UAMPS ENERGY

**52,517 MWH**

MARKET PURCHASES

### FY17 GENERATION BY PLANT

UPPER  **46,274 MWH**

CITY  **46,647 MWH**

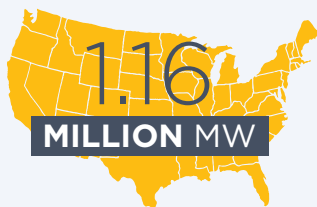
LOWER  **37,787 MWH**

OLD LOWER  **11,734 MWH**

GEM STATE  **87,108 MWH**

## RESOURCES

### TOTAL US OPERATING CAPACITY



HYDRO COMPRISES  
**97,876.2 MW**

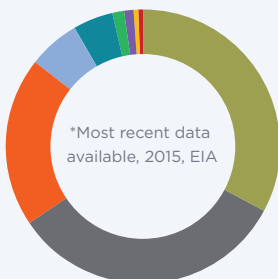
### APPROXIMATELY










**one-third**

of the 3,000 electric utilities in the US generate their own power.

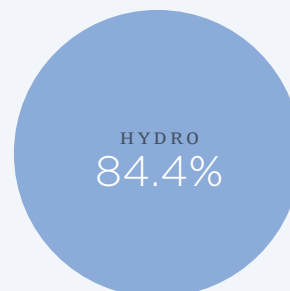






### NATIONAL FUEL MIX\*



33%  NATURAL GAS  
33%  COAL  
20%  NUCLEAR  
6%  HYDRO  
4.7%  WIND  
1.6%  BIOMASS  
1%  PETROLEUM  
0.6%  SOLAR  
0.4%  GEOTHERMAL

### IFP'S RESOURCES

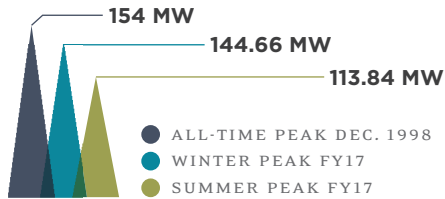


 NUCLEAR  
**7.24%**  
 MARKET PURCHASES  
**6.74%\*** \*MOSTLY FOSSIL FUELS  
 WIND  
**1.58%**  
 SOLAR  
**<1%**



## BY THE NUMBERS

SYSTEM PEAK



### RESIDENTIAL RETAIL ELECTRIC RATE AVERAGE PER KILOWATT-HOUR



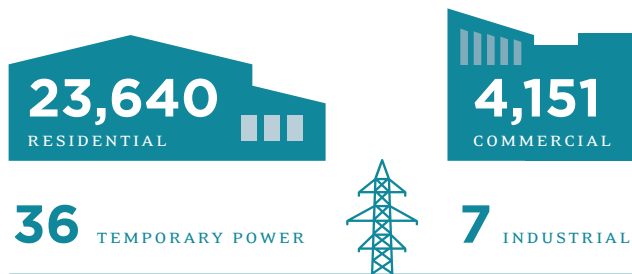
UNITED STATES  
**12.87¢**



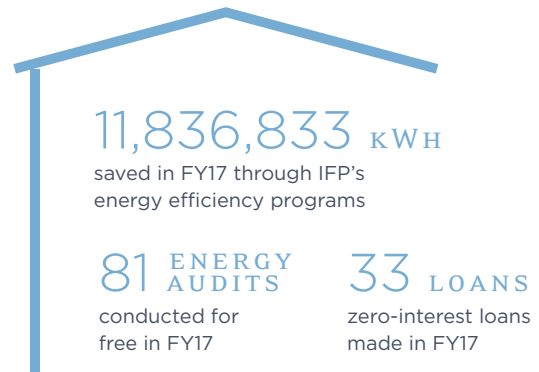
IF POWER  
**6.25¢**

### CUSTOMERS

**27,834** TOTAL CUSTOMERS



### ENERGY EFFICIENCY



## FIBER NETWORK

IDAHO FALLS  
**fiber**  
NETWORK

**75+** NEW  
LOCATIONS  
CONNECTED

**25** PAIRS OF  
FIBER  
CURRENTLY LEASED

**30** MILES  
OF BACKBONE FIBER

**150** MILES  
OF DISTRIBUTION FIBER

**16** MILES  
OF TRAFFIC FIBER

LEASED AN ADDITIONAL

**3** PAIRS  
OF FIBER

(Sumo Fiber, Silverstar,  
and Direct Communications)

RECLAIMED AN ADDITIONAL

**6** PAIRS  
OF FIBER

that can be commercially leased

### RUN OF RIVER

IFP's plants are referred to as run of the river because there is no reservoir to store water – the fuel for the plant. Water is diverted through the plants and sent back to the main channel. The drawback to this is that generation varies based on seasonal river flows. Optimal conditions are realized only during the spring runoff, forcing IFP to purchase most of the electricity used in the city.



**6,000** FT/SECOND<sup>3</sup>  
OPTIMAL RIVER FLOWS FOR  
THE BULB TURBINE PLANTS

# Assets

## STATEMENT OF NET POSITION

As of September 30	2017	2016
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,058,533	\$ 2,557,410
Investments	23,501,177	22,905,644
Accounts receivable, net	3,334,411	3,884,105
Power contracts receivable	867,486	801,862
Interest receivable	26,943	32,679
Materials and supplies	3,051,337	3,109,415
Total current assets	33,839,887	33,291,115
<b>LONG-TERM INVESTMENTS</b>		
	17,188,671	16,079,154
<b>UTILITY PLANT</b>		
Plant in service	231,388,431	223,102,469
Accumulated depreciation	(136,625,059)	(130,484,990)
Construction work-in-progress	2,714,511	5,085,640
Net utility plant	97,477,883	97,703,119
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows—pension	818,057	2,290,717
Total deferred outflows of resources	818,057	2,290,717
Total assets and deferred outflows of resources	\$ 149,324,498	\$ 149,364,105

Footnotes to financial statements are available upon request. 2016 figures as restated.



# Liabilities and Net Position

STATEMENT OF NET POSITION

As of September 30	2017	2016
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 1,567,687	\$ 1,681,141
Purchased power payable	<u>2,542,871</u>	<u>2,486,861</u>
Total current liabilities	<u>4,110,558</u>	<u>4,168,002</u>
<b>LONG-TERM LIABILITIES</b>		
Net pension liability	<u>3,187,288</u>	<u>3,931,018</u>
Total long-term liabilities	<u>3,187,288</u>	<u>3,931,018</u>
Total Liabilities	<u>7,297,846</u>	<u>8,099,293</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows—pension	<u>510,427</u>	<u>1,364,432</u>
Total deferred inflows of resources	<u>510,427</u>	<u>1,364,432</u>
<b>NET POSITION</b>		
Net investment in capital assets	97,477,883	97,703,119
Unrestricted	<u>44,038,342</u>	<u>42,197,261</u>
Total Net Position	<u>141,516,225</u>	<u>139,900,380</u>
Total liabilities, deferred inflows and net position	<u>\$ 149,324,498</u>	<u>\$ 149,364,105</u>

Footnotes to financial statements are available upon request. 2016 figures as restated.

# Statement of Revenues, Expenses and Changes in Net Position

As of September 30	2017	2016
<b>OPERATING REVENUES</b>		
Retail	\$ 43,937,533	\$ 39,477,279
Wholesale	6,880,574	8,649,545
Other	<u>477,950</u>	<u>230,485</u>
Total operating revenues	<u>51,296,057</u>	<u>48,357,309</u>
<b>OPERATING EXPENSES</b>		
Purchased power	28,897,105	31,647,092
Power generation	2,283,887	2,872,059
Transmission and distribution	2,280,557	2,974,233
Customer accounting and collection	3,899,289	1,392,603
General and administrative	5,370,357	5,539,402
Depreciation	<u>6,389,354</u>	<u>6,310,627</u>
Total operating expenses	<u>49,120,549</u>	<u>50,736,016</u>
<b>OPERATING INCOME</b>	<u>2,175,508</u>	<u>(2,378,707)</u>
<b>OTHER REVENUE (EXPENSE)</b>		
Investment earnings	511,745	266,874
Interest expense	- 0	- 0
Transfers for payments in lieu of taxes	(3,474,381)	(3,519,210)
Other	<u>1,695,187</u>	<u>1,473,488</u>
Total other expense	<u>(1,267,449)</u>	<u>(1,778,848)</u>
<b>CAPITAL CONTRIBUTIONS</b>	<u>707,786</u>	<u>549,179</u>
<b>CHANGE IN NET POSITION</b>	<u>1,615,845</u>	<u>(3,608,376)</u>
<b>NET POSITION, <i>beginning of year</i></b>	<u>139,900,380</u>	<u>143,508,756</u>
<b>NET POSITION, <i>end of year</i></b>	<u>\$ 141,516,225</u>	<u>\$ 139,900,380</u>

Footnotes to financial statements are available upon request. 2016 figures as restated.



## Statements of Cash Flows

As of September 30	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 51,780,127	\$ 46,916,355
Receipts from City	2,533,664	2,705,503
Payments to suppliers	(33,970,735)	(35,607,204)
Payments to employees	(8,576,308)	(6,424,780)
Payments to City for services used	(2,900,606)	(2,582,590)
Net cash flows from operating activities	8,866,142	5,007,284
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers for payments in lieu of taxes	(3,474,381)	(3,519,210)
Other, net	1,695,187	1,473,488
Net cash flows from noncapital financing activities	(1,779,194)	(2,045,722)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Plant expenditures and construction of capital assets	(5,456,332)	(11,593,177)
Change in materials and supplies	58,078	7,826
Net cash flows from capital and related financing activities	(5,398,254)	(11,585,351)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(69,580,768)	(104,002,419)
Proceeds from sale and maturity of investments	67,875,716	104,099,155
Interest on investments	517,481	420,411
Net cash flows from investing activities	(1,187,571)	517,147
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	501,123	(8,106,642)
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	2,557,410	10,664,052
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	\$ 3,058,533	\$ 2,557,410

Footnotes to financial statements are available upon request. 2016 figures as restated.

# Statements of Cash Flows

As of September 30	2017	2016
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 2,175,508	\$ (2,378,707)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Depreciation	6,389,354	6,310,627
Pension items	(125,346)	(42,065)
<b>CHANGES IN OPERATING ASSETS AND LIABILITIES</b>		
Accounts receivable	549,694	142,677
Power contracts receivable	(65,624)	836,489
Due from/to other City funds	- 0	284,869
Accounts payable and accrued liabilities	(113,454)	(1,324)
Purchased power payable	56,010	(145,282)
Post-employment benefit obligation	1,977	1,977
Net cash flows from operating activities	<u>\$ 8,866,142</u>	<u>\$ 5,007,284</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING AND INVESTING ACTIVITIES</b>		
Contributed utility plant by governmental authorities	<u>\$ 707,786</u>	<u>\$ 156,277</u>





